

1965

ANNUAL REPORT

OF

The Belt Railway Company

of **CHICAGO**

FOR THE

YEAR ENDED DECEMBER 31, 1965

BOARDS

MRB

652.0973

B 419 a

General Offices
6900 South Central Avenue
Chicago, Illinois 60638

ORGANIZATION DIRECTORS

JOHN S. REED, The Atchison, Topeka and Santa Fe Railway Co.Chicago, Ill.
C. V. COWAN, The Chesapeake and Ohio Railway Co.Cleveland, O.
DAVID O. MATHEWS, Chicago & Eastern Illinois Railroad Co.Chicago, Ill.
W. N. ERNZEN, Chicago, Burlington & Quincy Railroad Co.Chicago, Ill.
J. B. BUFFALO, Chicago, Rock Island and Pacific Railroad Co.Chicago, Ill.
M. G. McINNES, Erie Lackawanna Railroad Co.New York, N. Y.
H. A. SANDERS, Grand Trunk Western Railroad Co.Detroit, Mich.
O. H. ZIMMERMAN, Illinois Central Railroad Co.Chicago, Ill.
HENRY J. BUCHMAN, Monon RailroadNew York, N. Y.
JOHN A. BARRETT, Norfolk and Western Railway Co.St. Louis, Mo.
H. C. KOHOUT, The Pennsylvania Railroad Co.Chicago, Ill.
J. D. BOND, Soo Line Railroad Co.Minneapolis, Minn.

Changes during this period:

NORFOLK AND WESTERN RAILWAY COMPANY

Mr. John A. Barrett elected April 13, 1965 succeeding Mr. Walter S. Clement, resigned.

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY

Mr. E. E. Foulks elected April 13, 1965 succeeding Mr. Oscar M. Limestall, resigned.

Mr. G. W. Kelly elected October 12, 1965 succeeding Mr. E. E. Foulks, resigned.

Mr. J. B. Buffalo elected January 11, 1966 succeeding Mr. G. W. Kelly, resigned.

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Mr. W. N. Ernzen elected July 13, 1965 succeeding Mr. Harry C. Murphy, resigned.

THE PENNSYLVANIA RAILROAD COMPANY

Mr. H. C. Kohout elected December 14, 1965 succeeding Mr. H. M. Phillips, resigned.

EXECUTIVE COMMITTEE

O. H. Zimmerman, Chairman
J. D. Bond
W. N. Ernzen
D. O. Mathews
J. S. Reed

OFFICERS

President and General Manager L. A. EVANS
Vice President and Assistant General Manager D. R. TURNER
Secretary and Treasurer J. R. EKHOLM
General Counsel R. F. KOPROSKE
Auditor C. L. HOLT
Assistant Secretary and Assistant Treasurer C. J. SOKEL
Assistant Auditor W. J. CASSIDY

ANNUAL MEETING
SECOND TUESDAY IN APRIL

MAY 18 1966 Co

GENERAL REMARKS

Chicago, April 12, 1966

To the Stockholders of
The Belt Railway Company of Chicago

The Board of Directors herewith submits its report of operations for the year ended December 31, 1965.

OPERATING REVENUES:

Total operating revenues for the year were \$14,697,792 compared with \$14,911,967 in 1964, a decrease of \$214,175, or 1.4 per cent, attributable to a decrease of 38,315 loaded and empty intermediate cars, or 8.3 per cent, handled by Belt power in 1965, largely influenced by an increase of 6.7 per cent in direct deliveries by owner lines and other connections. Local loaded cars increased 4,709, or 1.7 per cent.

OPERATING EXPENSES:

Total gross operating expenses in 1965 were \$12,522,810 compared with \$12,824,068 in 1964, a decrease of \$301,258, or 2.4 per cent; higher wage rates amounted to \$606,762. Operating ratio decreased to 69.13 from 71.29 in 1964.

MAINTENANCE OF WAY AND STRUCTURES:

Gross Maintenance of Way and Structures expense decreased \$92,460, or 4.8 per cent; that portion chargeable to Belt Railway Separate Operation decreased \$114,385, or 7.9 per cent, compared with the previous year, reflecting reduction in expenses, principally in account, "Signals and Interlockers" due to renewal of two intermediate retarders in "C" and "D" Clearing hump yards in 1964. Similar work was not performed in 1965.

The increase of \$45,322 in account, "Removing Snow, Ice, and Sand" reflects more severe winter weather conditions in 1965. Higher wage rates amounted to \$58,162. Operating ratio decreased to 9.11 from 9.74 in 1964.

Rail replacements in 1965 were 517 gross tons of new and 1,377 gross tons of secondhand rail, compared with renewal of 886 gross tons of new and 969 tons of secondhand rail in 1964.

There were 6,043 crossties and 102,935 feet B.M. switch ties installed during the year, compared with 6,212 crossties and 100,178 feet B.M. switch ties placed in 1964.

MAINTENANCE OF EQUIPMENT:

Gross Maintenance of Equipment expense increased \$55,221, or 3.9 per cent; that portion chargeable to Belt Railway Separate Operation increased \$17,641, or 1.4 per cent. This additional

expense includes higher wage rates amounting to \$36,062, and increases of \$12,017 and \$37,848, respectively, in accounts, "Equipment-Depreciation" and "Injuries to Persons." "Other Locomotives - Repairs" decreased \$23,081 due to less heavy material replacements. Three new Alco 2400 H.P. diesel locomotives were purchased and placed in service in 1965, retiring three 1500 H.P. Alco locomotives. Operating ratio increased to 8.67 from 8.43 in 1964.

TRANSPORTATION:

Gross Transportation expense decreased \$212,172, or 2.5 per cent; that portion chargeable to Belt Railway Separate Operation decreased \$319,897, or 4.5 per cent. Higher wage rates increased Transportation expense \$470,341. Accounting change in the distribution of I.B.M. payroll from Transportation accounts to General accounts effective June 1965 to place supervision under Accounting Department resulted in a decrease of \$62,246 exclusive of wage increase in Transportation expense and a corresponding increase in General expense. Operating ratio decreased to 46.07 from 47.55 in 1964.

GENERAL:

Gross General expense decreased \$54,895, or 5.3 per cent; that portion chargeable to Belt Railway Separate Operation decreased \$56,495, or 6.8 per cent. Higher wage rates amounted to \$42,197. Also, accounting change in the distribution of I.B.M. payroll, referred to under "Transportation," increased General expense \$62,246. Separation allowance to seven firemen under Arbitration Award No. 282 in 1965 compared with similar allowance to 46 firemen in 1964 decreased General expense \$117,359. Operating ratio decreased to 5.24 from 5.55 in 1964.

RAILWAY TAX ACCRUALS:

MISCELLANEOUS TAX ACCRUALS:

Decrease of \$232,405 in "Railway Tax Accruals" and increase of \$70,208 in "Miscellaneous Tax Accruals" is due principally to payment in 1964 of income tax for year 1963, and I.C.C. accounting change involving general property tax accruals on miscellaneous non-operating property formerly charged to "Railway Tax Accruals" and now charged to "Miscellaneous Tax Accruals."

JOINT FACILITY RENT INCOME:

Decrease of \$318,399 is due to increase in Belt Railway Company net related terminal income applied to reduce owner lines' working expenses, less increase in owner lines' proportion of rentals and taxes.

The total income from Belt Railway Separate Operation for the year 1965 was \$1,012,074, of which \$908,230 representing related terminal income was applied to reduce pro tanto the amount of "working expenses" payable by each of the owner lines for the year 1965.

MISCELLANEOUS INCOME:

Decrease of \$91,023 is due to decrease in profit from sales or property.

HIRE OF FREIGHT CARS:

Decrease of \$74,735, or 5.2 per cent, reflects principally a decrease in per diem cars handled.

WAGE AND LABOR AGREEMENTS:

The 1964 agreements with the non-operating brotherhoods provided for a 9 cent per hour increase in wage rates effective January 1, 1965. On February 7, 1965 a national wage stabilization agreement was made with five labor organizations, covering clerks, Maintenance of Way employees, telegraphers, signalmen, and hotel and restaurant employees. While this agreement provides job protection for certain employees, it also grants the carrier the right to effect economies from technological changes.

We remained in Federal Court throughout the year with the engineers' organization over the question of the use of radio, which resulted in a strike of short duration in April. This dispute was disposed of for the calendar year of 1966 by a temporary agreement.

In addition to the thirty-seven yard and transfer assignments which may be operated with a minimum crew consisting of one conductor (yard foreman) and one switchman (yard helper) as authorized by award of Special Board of Adjustment dated July 21, 1964, an award by Special Board of Adjustment dated January 5, 1966 granted the Belt Railway the right to reduce fifty-five additional crew assignments from one foreman and two helpers to one foreman and one helper.

FEDERAL INCOME TAX REFUND:

On September 10, 1965 the Belt Railway received Federal income tax refund of \$2,408,032, including interest, covering taxable years 1948 through 1954, and 1956. This represents entire refund of Belt's income tax claim.

DIVIDEND:

Dividend of \$916,800 which was declared August 11, 1964 for years 1959 through 1963 was paid to the proprietary companies September 13, 1965.

ADVANCES:

In September 1965 the Belt Railway returned to its proprietary companies \$934,399 of advances made by them for the purchase of thirty diesel locomotives.

NEW DIESEL LOCOMOTIVES:

On December 8, 1964 the Board authorized the purchase of three 2400 H.P. diesel locomotives which were placed in service in April and May 1965, retiring three 1500 H.P. locomotives.

On December 14, 1965 the Board authorized the purchase of three additional 2400 H.P. diesel locomotives for delivery in April 1966 at a cost of \$606,900, of which \$500,000 will be financed under a ten year conditional sales agreement, which will retire three more 1500 H.P. locomotives.

CHICAGO REGIONAL PORT AUTHORITY:

On April 1, 1965 the Statutory 3-Judge United States District Court for the Northern District of Ohio, Eastern Division, held that the Orders of the Interstate Commerce Commission authorizing competing railroads to extend their tracks to offer direct services to the Chicago Regional Port District were to be vacated and the case remanded to the Interstate Commerce Commission for further hearings.

The defendants appealed the above finding and Order to the United States Supreme Court and this appeal is now pending.

RAIL TO WATER TRANSFER OPERATION:

Rail to Water Transfer operation commenced April 5 and ended December 11, 1965. In 1964 the season started April 6 and terminated December 9. Coal tonnage handled over the facility during the year totaled 6,975,800 compared with 6,552,951 tons in the previous year, an increase of 422,849 tons, or 6.5 per cent. Other commodity tonnage handled over the facility in 1965 totaled 452,145 compared with 66,889 tons in 1964, an increase of 385,256 tons, or 576.0 per cent, largely attributable to stone consignments. Unit coal train handling of lake cargo consignments, introduced for the first time in 1964, constituted 98.4 per cent of the total tonnage handled during 1965.

ADDITIONS AND BETTERMENTS:

Additions and Betterments are indicated in detail on pages 10 and 11.

NEW INDUSTRIES:

During the year fourteen new industries were located and seventeen vacated, compared with thirteen located and ten vacated in 1964.

Detailed statements of the accounts of the company will be found in the following tables.

The Board again records appreciation of the cooperation and contributions of the employees and managerial staff during the year.

Respectfully submitted by order of the Board of Directors.

L. A. EVANS
President and General Manager

INCOME STATEMENT

For the Year ended December 31, 1965, compared with the
Year ended December 31, 1964

	1965	1964	Increase or (Decrease)
RAILWAY OPERATING REVENUES:			
Intermediate switching	\$ 4,720,445	\$ 5,004,213	\$(283,768)
Local switching	9,225,688	9,203,479	22,209
Demurrage	635,999	606,689	29,310
Rents of buildings and other property	1,032	1,034	(2)
Miscellaneous	114,761	96,552	18,209
Joint facility - cr.	1		1
Joint facility - dr.	134		(134)
Total railway operating revenues	\$14,697,792	\$14,911,967	\$(214,175)
RAILWAY OPERATING EXPENSES:			
Maintenance of way and structures	\$ 1,338,066	\$ 1,452,451	\$(114,385)
Maintenance of equipment	1,274,859	1,257,218	17,641
Traffic	5,794	3,282	2,512
Transportation-Rail line	6,770,697	7,090,594	(319,897)
General	770,580	827,075	(56,495)
Total railway operating expenses	\$10,159,996	\$10,630,620	\$(470,624)
(Detail pages 13-16)			
Net revenue from railway operations	\$ 4,537,796	\$ 4,281,347	\$ 256,449
Operating ratio	69.13	71.29	(2.16)
RAILWAY TAX ACCRUALS:			
General property	\$ 517,403	\$ 604,716	\$(87,313)
Federal income	(6,400)	158,603	(165,003)
Retirement	515,532	488,121	27,411
Unemployment	235,126	243,093	(7,967)
Other	9,761	9,294	467
Total railway tax accruals	\$ 1,271,422	\$ 1,503,827	\$(232,405)
Railway operating income	\$ 3,266,374	\$ 2,777,520	\$ 488,854
RENT INCOME:			
Rent from locomotives	\$ 28,781	\$ 28,800	\$(19)
Rent from work equipment	3,042	3,133	(91)
Joint facility rent income	(107,602)	210,797	(318,399)
Total rent income	\$(75,779)	\$ 242,730	\$(318,509)
RENTS PAYABLE:			
Hire of freight cars-Debit balance	\$ 1,357,284	\$ 1,432,019	\$(74,735)
Rent for locomotives		4	(4)
Rent for work equipment	267	637	(370)
Joint facility rents	156,895	139,170	17,725
Total rents payable	\$ 1,514,446	\$ 1,571,830	\$(57,384)
Net rents	\$(1,590,225)	\$(1,329,100)	\$(261,125)
Net railway operating income	\$ 1,676,149	\$ 1,448,420	\$ 227,729

INCOME STATEMENT - Concluded

For the Year ended December 31, 1965, compared with the
Year ended December 31, 1964

	1965	1964	Increase or (Decrease)
OTHER INCOME:			
Income from lease of road and equipment	\$ 39,985	\$ 47,885	\$ (7,900)
Miscellaneous rent income	151,377	138,378	12,999
Income from non-operating property	22,114	17,426	4,688
Interest income	58,279	48,177	10,102
Income from sinking and other reserve funds	3,266	742	2,524
Miscellaneous income	46,557	137,580	(91,023)
Total other income	\$ 321,578	\$ 390,188	\$ (68,610)
Total income	\$1,997,727	\$1,838,608	\$159,119
MISCELLANEOUS DEDUCTIONS FROM INCOME:			
Miscellaneous rents	\$ 1,645	\$ 1,224	\$ 421
Miscellaneous tax accruals	70,208		70,208
Miscellaneous income charges	15,897	17,460	(1,563)
Total miscellaneous deductions	\$ 87,750	\$ 18,684	\$ 69,066
Income available for fixed charges	\$1,909,977	\$1,819,924	\$ 90,053
FIXED CHARGES:			
Rent for leased roads and equipment	\$ 67,138	\$ 60,511	\$ 6,627
Interest on funded debt	1,733,092	1,731,463	1,629
Amortization of discount on funded debt	12,160	5,611	6,549
Total fixed charges	\$1,812,390	\$1,797,585	\$ 14,805
Income after fixed charges	\$ 97,587	\$ 22,339	\$ 75,248

RETAINED INCOME-UNAPPROPRIATED To December 31, 1965

Debit balance at beginning of year		\$ 800,561
Additions		
Federal income taxes assigned to retained income		301,153
Dividends years 1959 through 1963		916,800
Total		\$2,018,514
Deductions		
Credit balance transferred from income	\$ 97,587	
Federal income tax refund and interest prior years	2,408,032	\$2,505,619
Credit balance December 31, 1965		\$ 487,105

COMPARATIVE GENERAL BALANCE SHEET

ASSETS

	December 31, 1965	December 31, 1964	Increase or (Decrease)
CURRENT ASSETS:			
Cash	\$ 27,559	\$ 24,349	\$ 3,210
Temporary cash investments	2,857,784	2,737,437	120,347
Special deposits	416	647	(231)
Traffic and car-service balances-Dr. .	309,888	74,397	235,491
Net balances receivable from agents and conductors	42,887	73,098	(30,211)
Miscellaneous accounts receivable ...	814,861	675,015	139,846
Interest and dividends receivable ...	162	100	62
Accrued accounts receivable	574,090	666,891	(92,801)
Working fund advances	1,138	1,138	-
Prepayments	55,752	43,743	12,009
Material and supplies	508,804	392,634	116,170
Total current assets	\$ 5,193,341	\$ 4,689,449	\$ 503,892
SPECIAL FUNDS:			
Sinking funds	\$ 1,016	\$ 1,016	\$ -
Capital and other reserve funds	309,302	120,291	189,011
Insurance and other funds	11,468	11,014	454
Total special funds	\$ 321,786	\$ 132,321	\$ 189,465
PROPERTIES:			
Road (See pages 10 and 11)	\$35,999,770	\$35,793,305	\$ 206,465
Equipment (See pages 11 and 18)	7,204,449	6,875,864	328,585
Construction work in progress	93,891	61,596	32,295
Improvements on leased property	28,151	26,735	1,416
Total transportation property	\$43,326,261	\$42,757,500	\$ 568,761
Accrued depreciation - Road and equipment	(6,027,695)	(5,818,335)	209,360
Total transportation property less recorded depreciation and amortization	\$37,298,566	\$36,939,165	\$ 359,401
Miscellaneous physical property	1,281,252	1,281,252	-
Total properties less recorded depreciation and amortization ...	\$38,579,818	\$38,220,417	\$ 359,401
OTHER ASSETS AND DEFERRED CHARGES:			
Other assets	\$ 425	\$ 1,710	\$ (1,285)
Unamortized discount on long term debt	114,749	126,909	(12,160)
Other deferred charges	113,950	109,285	4,665
Total other assets and deferred charges	\$ 229,124	\$ 237,904	\$ (8,780)
Total assets	\$44,324,069	\$43,280,091	\$1,043,978

DECEMBER 31, 1965 AND DECEMBER 31, 1964
LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1965	December 31, 1964	Increase or (Decrease)
CURRENT LIABILITIES:			
Audited accounts and wages payable ...	\$ 1,186,933	\$ 938,463	\$ 248,470
Miscellaneous accounts payable	184,321	245,645	(61,324)
Interest matured unpaid	416	647	(231)
Unmatured interest accrued	607,376	627,017	(19,641)
Accrued accounts payable	72,624	105,623	(32,999)
Federal income taxes accrued	190,143	6,400	183,743
Other taxes accrued	718,337	744,108	(25,771)
Other current liabilities	14,660	18,388	(3,728)
Total current liabilities	\$ 2,974,810	\$ 2,686,291	\$ 288,519
LONG-TERM DEBT:			
First Mortgage 4-5/8% Sinking Fund Bonds, Series A, due August 15, 1987	\$35,015,000	\$35,760,000	\$ (745,000)
Amounts payable to affiliated companies	2,235,000	2,424,399	(189,399)
Total long-term debt	\$37,250,000	\$38,184,399	\$ (934,399)
OTHER LIABILITIES AND DEFERRED CREDITS:			
Other liabilities	\$ 88,537	\$ 81,652	\$ 6,885
Other deferred credits	413,617	18,310	395,307
Total other liabilities and deferred credits	\$ 502,154	\$ 99,962	\$ 402,192
SHAREHOLDERS' EQUITY:			
Capital stock issued.....\$3,120,000 Less held by or for company 240,000 (A)	\$ 2,880,000	\$ 2,880,000	\$ -
Capital surplus:			
Paid-in surplus	230,000	230,000	-
Retained income - unappropriated	487,105	(800,561)	1,287,666
Total shareholders' equity	\$ 3,597,105	\$ 2,309,439	\$1,287,666
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$44,324,069	\$43,280,091	\$1,043,978

(A) Owned one-twelfth each - AT&SF, C&O, C&EI, CB&Q, CRI&P, Erie Lackawanna, GTW, IC, Monon, N&W, Penn., Soo Line.

ROAD AND EQUIPMENT PROPERTY

	Balance December 31, 1964	1965		Balance December 31, 1965
		Additions & Betterments	Retire- ments	
ROAD				
Engineering	\$ 960,043	\$ 1,247	\$ 2,681	\$ 958,609
Land for transportation purposes..	6,969,340		32,894	6,936,446
Grading	6,197,578	(600)	272	6,196,706
Bridges, trestles and calverts ...	2,727,458	403		2,727,861
Ties	1,450,164	2,194	3,629	1,448,729
Rails	3,502,759	31,430	4,817	3,529,372
Other track material	2,832,092	25,233	2,992	2,854,333
Ballast	817,547	1,613	1,085	818,075
Track laying and surfacing	1,442,857	3,479	2,741	1,443,595
Fences, snowsheds and signs	7,254			7,254
Station and office buildings	1,232,026	11,737		1,243,763
Roadway buildings	93,527	256		93,783
Water stations	77,449	2,445		79,894
Fuel stations	90,825			90,825
Shops and engine houses	927,133	5,650	134	932,649
Wharves and docks	56,850			56,850
Communication systems	138,657	14,385	8,597	144,445
Signals and interlockers	1,970,963	28,982	1,042	1,998,903
Power plants	87,020			87,020
Power-transmission systems	154,840	(169)	458	154,213
Miscellaneous structures	92,827	381		93,208
Roadway machines	344,818	23,788	37,658	330,948
Carried forward	\$32,174,027	\$152,454	\$99,000	\$32,227,481

ROAD AND EQUIPMENT PROPERTY - CONCLUDED

	Balance December 31, 1964	1965		Balance December 31, 1965
		Additions & Betterments	Retire- ments	
ROAD Brought forward	\$32,174,027	\$152,454	\$ 99,000	\$32,227,481
Roadway small tools	19,200			19,200
Public improvements - construction	992,083	(49)	6,220	985,814
Other expenditures - Road	524			524
Shop machinery	259,561	10,524	222	269,863
Power plant machinery	328,290	154,613		482,903
General expenditures Accounts 71, & 77	263,926		740	263,186
Interest during construction	1,755,694		4,895	1,750,799
Total Road	\$35,793,305	\$317,542	\$111,077	\$35,999,770
EQUIPMENT				
Other locomotives	\$ 6,395,615	\$606,238	\$297,748	\$ 6,704,105
Freight-train cars	248,150		219	247,931
Work equipment	125,477	51		125,528
Miscellaneous equipment	106,622	32,541	12,278	126,885
Total Equipment	\$ 6,875,864	\$638,830	\$310,245	\$ 7,204,449
TOTAL	\$42,669,169	\$956,372	\$421,322	\$43,204,219

FUNDED DEBT

For the Year Ended December 31, 1965

First Mortgage Bonds issued

August 15, 1962 due August 15.

1987 Bankers Trust Company,

New York, Trustee

Total Amount authorized \$75,000,000

Total Issued August 15, 1962-\$37,250,000

4-5/8% Sinking Fund Bonds Series

"A" due August 15, 1987

For purchase of property formerly

leased from Chicago and Western

Indiana Railroad Company August 15, 1962 \$36,662,852

Proceeds expended for financing expenses also for

additions and betterments subsequent to August 15, 1962 587,148

Total Issued \$37,250,000

Less: Redeemed and cancelled 2,235,000

Total Outstanding at December 31, 1965 \$35,015,000

OPERATING EXPENSES

For the Year ended December 31, 1965, compared with the
Year ended December 31, 1964

	1965	1964	Increase or (Decrease)
MAINTENANCE OF WAY AND STRUCTURES:			
Superintendence	\$ 158,974	\$ 143,125	\$ 15,849
Roadway maintenance	106,588	103,127	3,461
Bridges, trestles, and culverts	11,093	36,600	(25,507)
Ties	48,797	44,885	3,912
Rails	113,657	121,329	(7,672)
Other track material	96,210	83,431	12,779
Ballast	12,706	8,557	4,149
Track laying and surfacing	337,673	361,278	(23,605)
Fences, snowsheds, and signs	7,047	3,430	3,617
Station and office buildings	62,262	59,768	2,494
Roadway buildings	7,810	7,361	449
Water stations	2,557	1,330	1,227
Fuel stations	273	365	(92)
Shops and enginehouses	48,433	42,925	5,508
Wharves and docks			
Communication systems	52,972	58,298	(5,326)
Signals and interlockers	189,888	338,523	(148,635)
Power plants	7,856	5,426	2,430
Power-transmission systems	126	6,908	(6,782)
Miscellaneous structures	6,192	7,211	(1,019)
Road property - Depreciation (Leased) ..	139	139	-
Road property - Depreciation (Owned) ...	205,903	204,788	1,115
Retirements - Road	7,314	16,484	(9,170)
Roadway machines	19,056	19,289	(233)
Dismantling retired road property	1,328	2,465	(1,137)
Small tools and supplies	28,709	28,774	(65)
Removing snow, ice, and sand	98,660	53,338	45,322
Public improvements - Maintenance	25,922	25,172	750
Injuries to persons	20,432	7,163	13,269
Insurance	22,375	17,479	4,896
Stationery and printing	3,207	3,762	(555)
Employees health and welfare benefits ..	38,142	34,366	3,776
Right-of-way expenses	312	377	(65)
Maintaining joint tracks, yards and other facilities - Dr.	86,710	74,750	11,960
Other expenses	949	509	440
Gross total	\$1,830,272	\$1,922,732	\$ (92,460)
Maintaining joint tracks, yards and other facilities - Cr.	492,206	470,281	21,925
Net - Belt Railway - Separate operation	\$1,338,066	\$1,452,451	\$ (114,385)
Ratio to operating revenues.....	9.11	9.74	(.63)

OPERATING EXPENSES - Continued

For the Year ended December 31, 1965, compared with the
Year ended December 31, 1964

	1965	1964	Increase or (Decrease)
MAINTENANCE OF EQUIPMENT:			
Superintendence	\$ 64,885	\$ 60,887	\$ 3,998
Shop machinery	4,846	3,045	1,801
Power-plant machinery	26,821	23,187	3,634
Shop and power plant machinery - Depreciation (Owned)	16,056	13,752	2,304
Other locomotives - Repairs	566,486	589,567	(23,081)
Freight-train cars - Repairs	266,613	250,451	16,162
Work equipment - Repairs	9,617	4,973	4,644
Miscellaneous equipment - Repairs	15,852	11,868	3,984
Dismantling retired equipment (Owned).	369	172	197
Equipment - Depreciation (Owned)	285,910	273,893	12,017
Injuries to persons	47,559	9,711	37,848
Insurance	28,310	28,287	23
Stationery and printing	3,150	4,817	(1,667)
Employees health and welfare benefits.	28,096	26,885	1,211
Joint maintenance of equipment expenses - Dr.	118,652	126,832	(8,180)
Other expenses	1,207	881	326
 Gross total	 \$1,484,429	 \$1,429,208	 \$ 55,221
Joint maintenance of equipment expenses - Cr.	209,570	171,990	37,580
 Net - Belt Railway - Separate operation	 \$1,274,859	 \$1,257,218	 \$ 17,641
 Ratio to operating revenues	 8.67	 8.43	 .24
TRAFFIC:			
Superintendence	\$	\$ (148)	148
Outside agencies		-	-
Advertising	3,642	1,530	2,112
Stationery and printing	2,879	2,074	805
Employees health and welfare benefits.	135	151	(16)
Other expenses	1	1	
 Gross total	 \$ 6,657	 \$ 3,608	 \$ 3,049
Charged to Owner Line operation	863	326	537
 Net - Belt Railway - Separate operation	 \$ 5,794	 \$ 3,282	 \$ 2,512
 Ratio to operating revenues	 .04	 .02	 .02

OPERATING EXPENSES - Continued

For the Year ended December 31, 1965, compared with the
Year ended December 31, 1964

	1965	1964	Increase or (Decrease)
TRANSPORTATION - RAIL LINE:			
Superintendence	\$ 277,502	\$ 271,582	\$ 5,920
Dispatching trains	80,901	62,731	18,170
Station employees	760,279	817,069	(56,790)
Weighing, inspection, and demurrage bureaus	4,502	4,765	(263)
Station supplies and expenses	30,604	33,825	(3,221)
Yardmasters and yard clerks	552,721	469,980	82,741
Yard conductors and brakemen	2,357,719	2,425,653	(67,934)
Yard switch and signal tenders	407,070	394,869	12,201
Yard enginemen	1,403,841	1,633,026	(229,185)
Yard switching fuel	280,482	264,592	15,890
Water for yard locomotives	3,372	2,753	619
Lubricants for yard locomotives	34,543	37,753	(3,210)
Other supplies for yard locomotives..	32,609	30,861	1,748
Enginehouse expenses - Yard	194,773	183,301	11,472
Yard supplies and expenses	604,530	584,201	20,329
Crossing protection	4,109	4,501	(392)
Communication system operation	24,538	22,638	1,900
Employees health and welfare benefits	243,954	229,414	14,540
Stationery and printing	52,085	27,725	24,360
Other expenses	9,247	3,384	5,863
Insurance	27,572	16,140	11,432
Clearing wrecks	36,919	38,892	(1,973)
Damage to property	22,443	10,809	11,634
Loss and damage - Freight	164,126	102,066	62,060
Injuries to persons	109,774	195,776	(86,002)
Operating joint yards and terminals - Dr.	491,811	555,893	(64,082)
Gross total	\$8,212,026	\$8,424,199	\$ (212,173)
Operating joint yards and terminals - Cr.	1,441,329	1,333,605	107,724
Net - Belt Railway - Separate operation	\$6,770,697	\$7,090,594	\$ (319,897)
Ratio to operating revenues	46.07	47.55	(1.48)

OPERATING EXPENSES - Concluded

For the Year ended December 31, 1965, compared with the
Year ended December 31, 1964

	1965	1964	Increase or (Decrease)
GENERAL:			
Salaries and expenses of general officers	\$ 205,526	\$ 194,950	\$ 10,576
Salaries and expenses of clerks and attendants	435,982	381,229	54,753
General office supplies and expenses	85,472	66,350	19,122
Law expenses	70,967	72,024	(1,057)
Insurance	2,323	2,316	7
Employees health and welfare benefits	19,298	16,889	2,409
Pensions	51,198	51,256	(58)
Stationery and printing	34,593	51,761	(17,168)
Other expenses	77,403	203,077	(125,674)
General joint facilities - Dr.	6,664	4,469	2,195
Gross total	\$ 989,426	\$ 1,044,321	\$ (54,895)
General joint facilities - Cr.	218,846	217,246	1,600
Net - Belt Railway - Separate operation	\$ 770,580	\$ 827,075	\$ (56,495)
Ratio to operating revenues	5.24	5.55	(.31)
Total gross	\$12,522,810	\$12,824,068	\$ (301,258)
Total deductions	2,362,814	2,193,448	169,366
Total operating expenses - Belt Railway - Separate operation	\$10,159,996	\$10,630,620	\$ (470,624)
Ratio to operating revenues	69.13	71.29	(2.16)
Operating revenue per car	\$ 15,224	\$ 15,004	\$ 220
Operating expenses per car	\$ 10,524	\$ 10,696	\$ (172)

CARS HANDLED

Cars Handled by The Belt Railway Company of Chicago in its "Separate Operations"	1965		1964		Increase or (Decrease) Percent
	Number	Percent	Number	Percent	
INTERCHANGE:					
Loaded cars	251,157	26.02	259,716	26.13	(3.30)
Empty cars	173,723	17.99	203,479	20.47	(14.62)
LOCAL:					
Loaded cars	281,556	29.16	276,847	27.86	1.70
Empty cars	258,992	26.83	253,803	25.54	2.04
Total	965,428	100.00	993,845	100.00	(2.86)
TOTAL:					
Loaded cars	532,713	55.18	536,563	53.99	(0.72)
Empty cars	432,715	44.82	457,282	46.01	(5.37)
Total	965,428	100.00	993,845	100.00	(2.86)
Cars interchanged directly between Owner Roads at Clearing and other yards, being handled by The Belt Railway through those yards	381,208		370,514		2.89
Cars handled by Owner Lines in direct movement over Belt Railway Co. of Chicago.....	607,117		569,024		6.69
Total cars handled	1,953,753		1,933,383		1.05

The following statement shows the number of cars handled by The Belt Railway Company of Chicago in its "separate operations" annually during the past five years.

Year	Interchange		Local		Total Cars
	Loaded	Empty	Loaded	Empty	
1961	277,533	207,378	229,255	214,496	928,662
1962	277,146	208,919	238,950	219,251	944,266
1963	255,583	218,099	255,816	228,199	957,697
1964	259,716	203,479	276,847	253,803	993,845
1965	251,157	173,723	281,556	258,992	965,428

The following statement shows the number of cars interchanged during the last five years directly between Owner Roads at Clearing and other yards, being handled by the Belt Railway through those yards, also cars handled by Owner Lines in direct movement over The Belt Railway Company of Chicago.

Year	Number of Cars
1961	779,721
1962	860,191
1963	900,475
1964	939,538
1965	988,325

EQUIPMENT OWNED

	Number on Hand Dec. 31 1964	Changes During Year		Number on Hand Dec. 31 1965
		Added	Retired	
Locomotives:				
Diesel	46	3	3	46
Freight-train Cars:				
Caboose	30			30
Box	2		1	1
Total	32		1	31
Work Equipment:				
Flat cars	4			4
Gondola cars	2			2
Truck car	1			1
Refrigerator car	1			1
Instruction car	1			1
Wrecking derrick	1			1
Tool car	1			1
Commissary car	1			1
Burro crane	1			1
Total	13			13
Miscellaneous Equipment:				
Automobile trucks	21		2	19
Station wagon	1			1
Automobile trailer	2			2
4 Door sedan	3	5	2	6
Total	27	5	4	28

MILEAGE OF TRACK OPERATED

	1965				
	First Main	Second Main	Other Mains	Yard Tracks and Sidings	Total
A - Owned by The Belt Railway Co., Cragin to South Chicago including Clearing Yard	27.16	25.60	-	302.44	355.20
B - Leased from other companies, Chicago, Peoria & Western (Argo)....	-	-	-	.52	.52
Clearing Industrial District (North)	-	-	-	12.89	12.89
Clearing Industrial District (South)	-	-	-	2.22	2.22
Total	-	-	-	15.63	15.63
C - Operated under trackage rights from other companies C. & W.I. R.R. Co.					
80th St. to Pullman Jct.	3.56	3.47	-	.03	7.06
Pullman Jct. to South Deering	2.68	2.68	2.54	.38	8.28
South Deering to Burnham	4.76	4.76	.67	3.83	14.02
C.R.I. & P. Ry. - South Chicago	-	-	-	1.57	1.57
P.F.W. & C. Ry. - South Chicago	-	-	-	.09	.09
I.H.B.R.R. - 55th to Elsdon	1.41	1.40	-	-	* 2.81
B. & O.C.T.R.R. - Clearing to Proviso	9.05	8.09	-	13.70	30.84
B. & O.C.T.R.R. - Southwest Division (Cicero District)	-	-	-	6.08	6.08
N & W Railway - Ford Yd. & Lead	-	-	-	1.26	1.26
Calumet Western R.R.-112th to 116th.	.51	-	-	-	.51
Pennsylvania R.R. & I.H.B.R.R. (Joint) 116th to 117th	.11	-	-	-	.11
Chicago, West Pullman & Southern - South Chicago	-	-	-	.09	.09
Elgin, Joliet & Eastern Ry. - Burnham	-	-	-	.17	.17
Total	22.08	20.40	3.21	27.20	72.89
Total Miles Operated	49.24	46.00	3.21	345.27	443.72

*Trackage Rights Not Exercised.

YARD TRACKS OWNED BY THE BELT RAILWAY CO. BUT NOT OPERATED

(Not included in above mileage)

Leased To	Location	Miles of Road
C.W.P. & S. R.R.	Warner Branch	1.46
C. & O. Ry. Co.	Rockwell St. Yard	10.91
Total		12.37

TRACAGE RIGHTS GRANTED OTHER COMPANIES

Company	Location	Miles of Road
I.H.B.R.R.	Elsdon Branch	1.51
E.J. & E.R.R.	South Chicago to Mill Gate & South Deering	3.40
Chicago Short Line	South Chicago to South Deering	2.90
Total		7.81

REPORT OF AUDITOR

The statements included in this report have been prepared from records maintained under my supervision and to the best of my knowledge and belief set out the amounts shown in accordance with principles and methods of accounting prescribed or authorized by the Interstate Commerce Commission.

C. L. HOLT
Auditor

Chicago, Illinois

March 10, 1966